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ABSTRACT

Asian Neighborhood Design (AND) was established by a group of student architects in 1973 to rehabilitate houses and revitalize community spaces in the crowded neighborhoods of San Francisco's Chinatown. Despite its growth and development in response to changes in economic conditions, the policy environment, and its own clientele, AND has retained its initial approach, which is based on a comprehensive, needs-centered model of poverty alleviation. As a community development corporation with specialized expertise in architectural design and construction, AND works to help neighborhood residents achieve self-sufficiency by creating access to existing jobs in the construction industry and creating inner-city jobs in case-goods manufacturing. AND is committed to assisting low-income Bay area residents, including hard-to-place welfare recipients and ex-felons. Areas in which AND is active include the following: job training; wood products manufacturing; construction management; and architectural services. AND also offers posttraining counseling in critical life areas and management services. Of the 102 trainees participating in AND training programs in fiscal 1998, 75 (74%) graduated and 68 (91%) were placed in jobs at an average starting hourly wage of $9.18. In fiscal 1998, AND incurred total operating costs of $658,942 ($9,690 per job placement or $11,981 per retained job). (Contains 14 tables/figures.) (MN)

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Sectoral Employment Development Learning Project

# Asian Neighborhood Design

## A Case Study of a Sectoral Employment Development Approach

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# Asian Neighborhood Design

## A Case Study of a Sectoral Employment Development Approach

Maureen Conway
and
Marshall Bear

June 2000

Economic Opportunities Program
The Aspen Institute
One Dupont Circle, NW
Suite 700
Washington, DC 20036

## The Sectoral Studies

This case study is one of a series of six Sectoral Studies to be published by the Sectoral Employment Development Learning Project of the Economic Opportunities Program of the Aspen Institute. The purpose of these studies is to provide an in-depth look at individual sectoral employment development programs and their interaction within distinct economic and industry environments. The Sectoral Studies should offer policy makers and practitioners insights on issues involved in operating a sectoral intervention.

Although each research effort will explore a particular program in a particular industry and regional context, all will answer the same key research questions and use a common research format. The methodology relies on primary data collection through interviews with program staff, program participants, local employers and other key actors such as union representatives, public officials and industry association leaders. That information is supplemented by the analysis of internal program documents and financial statements and limited use of secondary source materials.

## Acknowledgements

The authors would like to thank Maurice Lim Miller and his staff at Asian Neighborhood Design for patiently answering our questions and generously sharing the wisdom they have gained through years of experience. We also thank the organization for providing the photographs used in this case study. In addition, we thank our colleagues Peggy Clark, Elaine Edgcomb and Amy Kays, as well as Jack Litzenberg of the Mott Foundation for their insightful comments on various drafts of this case study.

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Asian Neighborhood Design – AND for short – developed from the work of a group of student architects who volunteered their skills to rehabilitate houses and revitalize community spaces in the densely crowded neighborhoods of San Francisco's Chinatown. It was 1973, the era of the War on Poverty, and the students saw it as a way to give back to the community.

Today AND employs more than 100 people, undertakes high-end custom mill work for the office and retail construction market, and has entered formal partnerships and joint ventures with organizations as far away as Connecticut that are keen on replicating AND's highly effective approach to training the hard-to-employ and its uncanny balance between business and social goals.

## Organizational Profile

***Founded: 1973***

***Type***: Community Development Corporation with specialized expertise in architectural design and construction

***Occupations it works with***: building trades (primarily carpentry and cabinetry) and casegoods manufacturing

***Mission:*** to help people achieve self-sufficiency; to alleviate poverty by providing housing and other community development services

***Job development strategy***: create access to already existing good jobs in the construction industry; create inner-city jobs in case-goods manufacturing

***Program participants:*** low-income Bay area residents, including hard-to-place welfare recipients and ex-felons

***Sectoral program activities***: job training, wood products manufacturing, construction management, architectural services

***Support activities***: post-training counseling in critical life areas; case management services

Through it all, AND has remained what it was in 1973 – a neighborhood revitalization and housing renovation program committed to fighting poverty among recovering substance abusers, and imparting solid work habits to ex-felons, ex-gang members and

long-term welfare recipients in the San Francisco/Oakland area. Although the organization has developed and grown in response to economic changes, the policy environment and its own clientele, it has retained its distinctive approach to the labor market issues of its chosen sector – an approach based on a comprehensive, needs-centered model of poverty alleviation.

Not everything AND does is sectoral, but not everything needs to be. Programs are sectoral; not organizations. From a sectoral viewpoint, AND is a community development corporation (CDC) that runs a sectoral employment development program built around a set of highly effective training courses in the building trades for low-skilled, low-income, marginal populations. The quality of the training results partly from the fact that AND is, in a number of ways, deeply embedded in its chosen sector: It operates architectural, wood products and construction materials businesses in its sector. This sector participation enables it to expose its trainees to a professional, market-driven, business environment in which they can acquire real-world skills before they graduate.

Secondly, AND provides extensive architectural planning and design services to low-income communities. Its training program draws on knowledge of the sector gained from its intimate grasp of the building needs of the communities it serves. Thirdly, virtually all AND staffers have deep industry experience and connections that have shaped the organization's programs in concrete ways.

AND did not begin as an employment development organization and, in some ways, continues not to see this as its primary mission. Like many other sectoral programs, its employment development work is embedded in a broader mission. But this is part of what makes its employment development work so effective. AND's philosophy of empowerment dictates that it work not just on behalf of but also *with* its constituents. Instead of program "beneficiaries" in the passive sense, AND trainees are treated as colleagues, collaborators and fellow workers. And they have received some of the highest informal evaluations among local employers for their motivation and sense of purpose on the job.

For AND's growing staff, which now includes seven full-time architects and four trainers, expertise in the building trades sector is a tool for alleviation of poverty. But it is a tool that has now

enabled AND to create sectoral programs that address the needs of hard-to-place job seekers in a broad range of fundamental life areas: skills acquisition, income generation, jobs, rebuilding of self-esteem, and, of course, low-income housing.

## How is AND a Sectoral Program?[1]

A sectoral employment program:

**Targets a particular occupation or set of occupations within an industry.**

- AND targets the building trades broadly. Two specific occupations, carpentry and cabinetry, are the main focus with some emphasis placed on plumbing and electrical.

**Intervenes by becoming a valued actor with the industry that employs that occupation.**

- Employers seem to appreciate the AND pre-apprenticeship training program, which broadens the pool of available work-ready labor.
- AND also operates a business, and feels that its operation of a sound business provides credibility and connections for its other work.
- The quality of AND's products is respected and valued.

**Exists for the primary purpose of assisting low-income people to obtain decent employment.**

- AND clearly targets low-income people with barriers to employment. The entry requirement to its training program is to be a low-income resident of San Francisco or Oakland.
- AND serves many individuals – an estimated 50 percent of its trainees – with previous contact with the criminal justice system.

**Eventually creates systemic change within that occupation's labor market.**

- AND helps to develop new pathways to and opportunities for employment for low-income people.
- AND encourages non-profits to think about how to use their contact with the construction industry to influence employment options for low-income individuals.

Virtually all AND staffers have deep industry experience and connections that have shaped the organization's programs in concrete ways.

Page 4

[1] The box describes how AND fits the four elements of the definition of a sectoral program, as this definition is presented in: Peggy Clark and Steven L. Dawson, *Jobs and the Urban Poor*. Washington DC: The Aspen Institute, November 1995.



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Minna Park Housing was recently completed by AND. *Photo by Kevin Dwarka*

AND's work, therefore, lays out a possible path other sectoral programs might follow in order to more fully address poverty and self-sufficiency issues as an integral part of what it means to intervene in their target sector's labor market. AND also offers lessons about how the process of becoming deeply embedded within the network of interrelationships that make up San Francisco's construction sector has positioned it to gain access to levers of influence with which to run a better program.

The case is also a study of how one organization went about weighing non-profit and for-profit business goals to reach a satisfying balance between revenue generation and personalized service, between economic growth and quality of life. It is a study of how this organization has succeeded in being both market-oriented and labor-oriented by cultivating leaders who blend an understanding of its social goals and mission with private-sector experience in running a business. The case seems to demonstrate that markets offer more and richer opportunities than would be apparent from the perspective of a pure commercial business, and that training is particularly effective when it is done by people who truly care.

## Outline of Sections

**Section 1:** The first section gives an overview of AND's program strategy and the programs it operates. This section also provides some organizational history and discusses AND's philosophy of human development, a key to understanding its approach.

**Section 2:** Industry Context discusses the construction industry. This section describes opportunities in the building trades and related industries that are available to low-income people and the constraints they face in gaining access to such jobs. The section also discusses some broader influences on the industry and what they imply for job availability.

**Section 3:** Implementing a Sectoral Focus looks at how AND puts into action the sectoral model. It examines how AND has become embedded in its sector, establishing valuable networks and becoming a true industry actor. The section also discusses the points of leverage that AND uses to create opportunities in the building trades for low-income people.

**Section 4:** This section is about AND's training program, the kinds of clients with whom it works and how it reaches them. It also discusses the organization's training methods and their appropriateness for its clientele.

**Section 5:** Costs and Outcomes presents ratios such as cost per trainee and statistics on placement and retention rates. It also analyzes AND's results in terms of the goals and mission it has set for itself.

**Section 6:** The conclusion summarizes lessons learned and looks at some future directions for the organization.

## An AND Story

Lamont heard about AND from his parole officer and came to the organization to see if it could help him get a job earning a decent wage. He began AND's training program, hoping to become a carpenter, but had attendance problems. He had been staying with his sister Jenelle, but couldn't return to that neighborhood since some local gang members had threatened him. AND staff provided some counseling and helped him think through alternative housing options, giving him time to find a secure housing situation before returning to training. Lamont also learned about a new housing project AND was developing and told his sister. Eventually Jenelle was able to get an apartment for herself and her three kids in an AND housing facility that was cleaner and safer than her old apartment. Jenelle also wanted to get a job and to leave welfare permanently, but she had been unable to find reliable child care. AND staff helped her find child care and Jenelle obtained a job working for Specialty Mills Products (SMP). After six months she was earning more than $10 per hour plus full benefits. Lamont finished AND's training, but was fired from his first job as an assistant carpenter. He talked over his experiences with his trainers at AND, and they helped him understand what he could learn from that job experience. They then helped Lamont find another job, in which he was more successful. After one year on the job Lamont was earning more than $15 per hour plus benefits.

Lamont's story is fictional[1], yet it illustrates some of the variety of services AND provides and the organization's willingness to work to meet the multiple needs of its clients as they progress toward self-sufficiency. At present, AND has programs in four areas, three related directly to the building trades:

- **Job Development:** AND offers training in carpentry and in a related manufacturing industry, cabinet making. This is integrated with training in remedial skills, basic life skills and job-readiness "soft" skills such as punctuality and appropriate dress. AND also offers placement support and post-training

[1] While fictional, the story is based on a number of discussions of client experiences with AND staff and others. Other stories and quotes from AND participants presented in this text are not fictional, but names have been changed to preserve privacy.

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support to help its graduates retain jobs. More than 100 low-income individuals receive job training services each year.

- **Housing and Community Development:** This is the area that started it all. AND both develops its own housing facilities and offers architectural design and construction management services to support other nonprofits in the development and construction of low-income housing and other community facilities. More than 60 community service agencies receive AND's architectural and community planning services each year, and the organization has won numerous awards for its work in community design.

**Specialty Mills Products has created more than 60 jobs for low-income residents of San Francisco and Oakland.**

- **Business Development:** AND participates directly in the building trades industry by operating a business, Specialty Mill Products (SMP). SMP makes a line of durable commercial-grade cabinets and other casegoods as well as fulfills contracts for architectural mill work. SMP also fills the important function of providing a professional, market-oriented environment for training job seekers by immersing them in real industry work. In addition, SMP has created more than 60 jobs for low-income residents of San Francisco and Oakland. The company generated more than $3.5 million in revenue in fiscal year 1998, and in most years it manages to make a small profit.
- **Individual Support Services:** AND provides counseling services to help program participants achieve higher levels of self-sufficiency. The services include linking people with resources such as child care or substance abuse counseling. AND provides family development services and life skills resources to more than 2,000 tenants of low-income housing facilities each year, including residents living in housing developed by AND.

### From Founding Mission to Sectoral Program Strategy

As a sectoral initiative, AND's program strategy for creating jobs for lower-skilled people flows from its founding mission – to help alleviate poverty among San Francisco's residents by assisting them in redeveloping their neighborhoods.

## Community Development Services

Asian Neighborhood Design (AND) started when some University of California-Berkeley student architects decided to use their expertise in design and planning to rehabilitate houses and revitalize community spaces in the Asian neighborhoods of San Francisco's Bay area, which had once been home for many of them. Chinatown's densely crowded conditions and lack of space planning presented a clear opportunity for them to volunteer their skills.

There was, quite frankly, nothing "sectoral" about the work they were engaged in. It was 1973, the era of the War on Poverty, and they did it out of an impulse to help others and to give something back to the community directly. They incorporated AND as a non-profit and began working with the community to make design improvements to community spaces.

But that first decade was also an experience-acquiring phase for AND staffers. They came to know many of the Bay area's low-income neighborhoods to the point where they could speak intimately and authoritatively about the housing and other architectural needs of the community.

AND's operating philosophy – and hence program – was to partner with the people it served and, as colleagues working side by side, redevelop the area's living and communal spaces. Members saw themselves as enablers and empowering agents, people helping people to learn ways to achieve long-term self-sufficiency in major life areas. This philosophy of empowerment through sensitive service comes through in an early report describing the relationship AND intended to forge with its constituency as urban planners and as community developers:

> *Asian Neighborhood Design believes a community should have a hand in determining its own urban environment; that architects and planners must design with the community and not for them; that public and private professionals must never ignore the basic and cultural needs of their clients.*
>
> ***— AND report, 1973***

The organization began to look for a way in which architectural design and planning services could become a vehicle for engaging people in their own developmental process. In 1977 AND

reorganized its formal structure and formed a board of directors. Later that year, it began receiving funding for providing architectural design services to low-income communities. The organization realized, however, that many people in these communities needed not only livable spaces, but better jobs – or indeed, just jobs – in order to begin to move toward self-sufficiency.

## Employment Development

So in 1978, combining their primary expertise in the building trades with their acquired knowledge of the communities' needs and demographic profile, AND staffers began to train young area men in construction work and other building trades. These were the beginnings of what would later become a full-fledged employment development program that turns out about 100 pre-apprenticeship trainees a year and plans to expand to approximately 400 over the next five years.

**SMP's primary goal is to provide a professional training environment. Income generation and job creation were identified as secondary goals.**

Part of what is distinctive about this program is that it continues to be embedded in the larger mission that first motivated it – to equip the vulnerable and the disenfranchised with assets and skills needed to thrive in the mainstream of the American economy. By deepening AND's community-based understanding of the building trades sector, this service-oriented mission has enriched the organization's training program in many deep and subtle ways. Ultimately, AND's program strategy reinforces the view that the quality of training – even hard-skills training – tends to be higher when it is done by people who truly care.

AND found out soon enough that teaching others to do construction work did not lend itself easily to a conventional training program format – especially if the trainees were tough, former gang members not used to 9 to 5 work. There was little point trying to teach construction in a classroom setting, but the open structure of a construction site made supervision of these trainees difficult. AND needed a more structured but hands-on, professional environment in which to impart not only the hard skills of the trade, but also the softer skills of turning up on time, re-doing unsatisfactory work, taking criticism well and handling oneself in the business world.

## Business Development: Specialty Mills Products

In 1980 the organization began to produce furniture

designed for the tighter spaces often found in lower-income housing. The furniture was made by AND's trainees and, at first, delivered free to needy families. But, given its high quality and the need it so precisely met, the trainers were convinced entering the market as a business was the way forward. They discussed the idea with the executive director, who had a background both in engineering and in woodworking. He was not as sanguine but thought that, at the very least, a business would provide the market-oriented training environment program participants needed for developing real-world skills. Out of this was born AND's first successful non-profit business venture – Specialty Mills Products, founded in 1984.

AND had run another business, a for-profit venture engaged in construction contracting. The capitalization needs of this business required that AND relinquish substantial control, and in the end, the business was controlled by outside private interests. After AND lost control of this business, the organization decided the next venture would be run as a non-profit with more limited goals. SMP's primary goal is to provide a professional training environment. Income generation and job creation were identified as secondary goals that would be pursued only once the business was stable and fulfilling its first function well. This new approach helped AND retain control of the business, allowing it to grow slowly over time as sources of capital became available.

SMP did not start out making furniture for small spaces. Under the direction of David Wickum, who came to the organization with an extensive background in high-end custom mill work and had run his own business, SMP first produced custom door frames, moldings and other kinds of mill work for the office and retail construction market. Drawing on Wickum's connections and knowledge of the industry, AND bid on projects in this niche and won a series of contracts – including the door frames and wood finishings for the storefronts in San Francisco's high-end Rincon Center shopping complex.

But the new company also drew on the expertise of its architecture-trained staff to design an improved line of furniture for use in cramped, low-income housing developments. Serving the low-income housing market also brought SMP another benefit. Because this market is less cyclical than other segments of the

## Table 1.1

| Market Segments | Product Mix |
|---|---|
| **Institutions:** health and country clubs, hopitals | Wood lockers, custom millwork |
| **Commercial:** retail stores and offices | Wood storage cabinets, custom millwork for offices and retail centers |
| **Residential:** multi-unit buildings | Bedroom furniture, kitchen cabinets |

SMP's success demonstrates the viability of locating this type of business in an inner-city rather than suburban location.

building industry, business for low-income housing has been relatively steady during down times in the construction industry in general. SMP's furniture for the low-income housing market has led to other product lines. Today, SMP' makes commercial-grade casegoods – cabinets, lockers, dressers, speaker cases – from laminated pressed wood panels and sells them to a variety of buyers. Table 1.1 illustrates SMP's current market and product mix.

SMP's success demonstrates the viability of locating this type of business in an inner-city rather than suburban location. AND would like this business to serve as a model for other nonprofits to engage in business development projects in areas where there is a need for jobs. To that end, AND recently entered a joint venture with Co-Opportunity, Inc., of Hartford, CT. This venture, called Precision Wood Products, is modeled after AND's business approach. AND staffers now refer potential clients east of the Mississippi to this facility and some co-marketing of products has taken place. Like SMP, Co-Opportunity also runs a training program alongside the business.

AND is now in an expansion phase to seize the opportunity to generate revenue as well as to create more jobs. Capitalization funds available from the Roberts Foundation, as well as the federal Office of Community Services (OCS), have helped make this a possibility.

## Individual Support Services: AND's Philosophy of Human Development

*Anti-poverty work is very personal, not generic or categorical.*[3]

In AND's philosophy of human development, learning a trade or finding and holding down a job are just two elements in a range of critical life skills that every individual must acquire to make progress toward self-sufficiency. Besides the employment-unemployment dynamic itself, other skills must be mastered and barriers must be surmounted for a job seeker to succeed in the workforce.

In working with people in poverty, AND's support and counseling services program has adopted a highly individualized approach that takes into account each person's particular profile of strengths and barriers. Staffers have isolated seven determinants of a person's ability to become self-sufficient. Writes one staff member: *In our experience, it appears that those who have succeeded exhibit a variety of strengths in the seven areas, and that it is the accumulation of a critical mass of strengths which is the distinguishing feature of those who are considered self sufficient.*[4]

These seven factors affect and interact with a person's capacity to thrive, and therefore to work. They are set out in Figure 1.1. Note that the "roundtable" format of the figure was designed to give priority to no one factor. Each plays a transformative role in people's lives at both an individual and a neighborhood level.

Figure 1.1

[3] DeLeon, DeLynda and Maurice Lim Miller, "A New Approach for Our Communities' Long-Term Self-sufficiency: A Practice-Based Anti-Poverty Analysis," AND Policy Brief, 1996, p.2.
[4] Chan, Gilbert and Maurice Lim Miller, preface to "Construction Funds for Community Development," unpublished report funded by the San Francisco Mayor's Office, February 1996.



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**In AND's philosophy of human development, learning a trade or finding and holding down a job are just two elements in a range of critical life skills that every individual must acquire to make progress toward self-sufficiency.**

Using this framework, AND's counseling staff has developed a "baseline assessment tool," a comprehensive chart that enables it in a fairly short period to arrive at a qualitative assessment of a person's current life status. (See Figure 1.2.[5]) Having disaggregated the barriers and pressure points in a person's life situation, the staff can then use the information as a basis for developing an action plan toward self-sufficiency and for offering information and support services during and beyond training.

The tool is designed to avoid the mistake of misreading, or simply failing to identify, hard-to-catch crisis signals. A person, as a result of graduating from a job training program and finding employment, may be relatively strong on the income/assets and education/skills dimensions, but may be facing destabilizing stressors in other areas of his or her life, areas that other job training programs may fail to measure.

**Figure 1.2**

| | Income/ Assets 1 | Education/ Skills 2 | Housing/ Food 3 | Safety/ Environment 4 | Human Services 5 | Relationships 6 | Personal Attributes 7 |
|---|---|---|---|---|---|---|---|
| **BASELINE ASSESSMENT EXAMPLE** | | | | | | | |
| | AFDC income inadequate, no savings | High School dropout, no skills | Substandard housing, inadequate food | Apartment burglarized, family threatened | MediCal, but no childcare | Abusive partner, little other support | Motivated and realistic about barriers faced |
| strong, stable asset +2 | | | Assets | | | | |
| +1 | | | | | | | ✖ |
| -1 | ✖ | | ✖ | | ✖ | | |
| high risk/ crisis -2 | | ✖ | Barriers ✖ | | | ✖ | |

The objective is to help those who are in a transitional phase to accumulate a "critical mass" of strengths so that they can remain on a path toward self-sufficiency. The chart can also be used to track changes in a person's progress over time. The approach may well hold policy-level lessons for employment development and human service strategies. Indeed the city of San Francisco has decided to adapt AND's approach in seeking to fulfill welfare-to-work goals.

[5] The illustration is drawn form DeLeon, DeLynda and Maurice Lim Miller, "A New Approach for Our Communities' Long-Term Self-Sufficiency: A Practice-Based Anti-Poverty Analysis," AND Policy Brief, 1996.



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## AND's Organizational Structure and Staffing

AND is a community development corporation (CDC) that currently has more than 100 staff, 64 working for SMP. Figure 1.3, below, shows a simplified version of AND's organizational structure. Within the Board of Directors, two committees play a direct role in AND's operations. The Development Committee takes responsibility for AND-owned housing projects and the Venture Committee oversees AND's business ventures, namely SMP and the new joint venture with Co-Opportunity. AND management includes Executive Director Maurice Lim Miller and Chief Operating Officer Gilbert Chan. The divisions below them reflect the four program areas described above, plus internal services for the organization. These services include fiscal services, human resources, evaluation and tracking, and resource development or fundraising.

**AND Organizational Structure**

**Figure 1.3**

### Staffing Features

***Industry experience:*** AND staff has now amassed substantial experience in the building trades and related professions. The architecture department has seven architects. AND's four trainers all came to the organization with significant industry experience, as did the training manager and the two training site coordinators. Similarly, SMP managers arrived with experience running their own businesses. AND looks for individuals who have business experience, but who also understand and support AND's social mission.



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***Market-embedded relationships:*** Today, AND staffers network with one another as well as with their professional industry contacts to further AND's mission. For example, by keeping each other informed of their activities, someone in the training department may know that a particular contractor is hiring because he has ordered a fair amount of fixtures from SMP. Staff members sometimes try to "cross-sell" – for example by placing an AND trainee to sell SMP products, or vice versa. These networking and cross-selling practices, characteristic of the building industry, have become the way AND staff relate to one another and make their activities complementary.

**AND's collaboration with Co-Opportunity in Connecticut provides an opportunity to test its sectoral approach in another location.**

***Leadership:*** AND has benefited from strong and stable leadership. The current executive director, Maurice Lim Miller, has been with the organization virtually since the beginning. He joined AND in the mid-1970s and began by using his engineering and woodworking background to provide training in construction work to troubled youth. Over the years, his vision and experience have shaped AND's development philosophy. Other important positions, including the chief operating officer, training director and SMP director, are staffed by people with long experience both in the building trades and with AND. Their competence and commitment to AND's mission have greatly contributed to the distinctive development of this organization.

## Collaborating with External Organizations

AND often looks to develop partnerships, both formal and informal, with other non-profit organizations in order to expand its capacities to serve low-income individuals. This collaborative style is part of AND's approach to working in low-income communities. In addition, AND has experienced significant growth recently, primarily because of the growth of its business, SMP. The organization's leadership feels that AND should not grow much larger at this point for fear that the organization would lose some of its ability to take a personal approach with clients. Thus AND is particularly interested in partnership approaches at this stage of its development.

As can be seen from the organizational chart, AND has developed formal collaborations in several areas of its operations. For example, AND recently took a lead role in developing a consortium known as the Construction Career Advancement Program

(CCAP), as part of its workforce development activities. Through this initiative, seven nonprofits joined together and received a welfare-to-work grant from the U.S. Department of Labor that will allow them to provide case management services to clients for a period of 18 months. The consortium members continue to provide the services they have always offered, but the new funds allow enhancement to those services, with greater opportunities for follow-up support, and also allow participating agencies to know more about client outcomes.

In the area of economic development, AND's collaboration with Co-Opportunity in Connecticut provides an opportunity to test its sectoral approach in another location. Co-Opportunity is starting a business similar to SMP as a joint venture with AND. In addition, Co-Opportunity has developed a training program that complements the business and works well in its local economic environment and with the particular population it serves. If this collaboration is successful, AND hopes to develop similar joint ventures with other non-profits around the country.

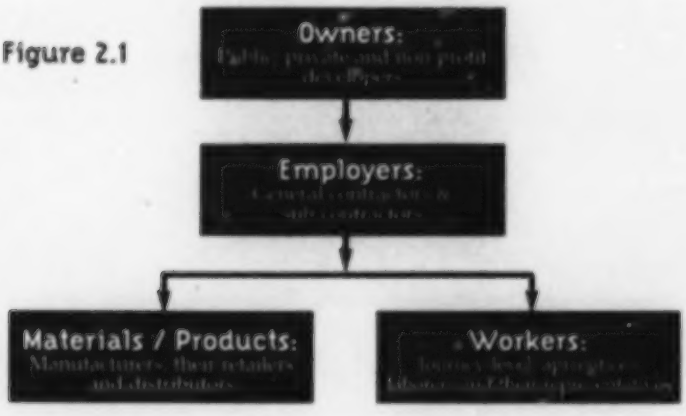
Informal relationships are also important to AND and an excellent example is AND's relationship with Habitat for Humanity. AND trainees have worked on several Habitat construction projects as part of their training. Rev. Jim Lauder, the director of Habitat in San Francisco, reports that this relationship works particularly well since AND trainees work on the construction sites Mondays through Thursdays, the days when the organization tends to have the fewest volunteers. Because they come regularly, "They know their way around the construction site and they learn how to do what needs to be done." This collaboration is a true win-win. Habitat gets the type of volunteer labor it needs to fulfill its mission and AND trainees have the opportunity to work on a real project they know will be important to the family that will live there.

AND has also developed a good reputation among public sector actors, primarily through its participation in the San Francisco Private Industry Council (PIC). This venue gained AND greater exposure for the accomplishments of its training program, enhancing the program's reputation beyond local non-profit networks. In addition, when AND began operations in Oakland, the organization's experience with the PIC in San Francisco helped staff understand how to go about building a strong relationship with the Oakland PIC.

## The Building Sector: An Overview

Made up of many parts and tasks, the building sector involves many specialty contractors, hundreds of different trades people and thousands of different products. AND draws a comprehensive picture of the building sector to include the interrelationships between its key stakeholders: owners and their agents; contractors and their subcontractors; workers and their union and open shop representatives; manufacturers, suppliers and distributors of the materials and products used in construction. Figure 2.1 shows a simplified picture of the key actors in the building trades. As described in the previous section, AND's interventions within the building sector touch all of these segments of the industry. The major actors indicated in the diagram are described below.

**Figure 2.1**




***Workers:*** Construction industry employees include union and independent workers, journey level (those who have completed an apprenticeship program), apprentices (trainees) and day laborers. Most construction workers are trained in a specific craft and identify strongly with those who practice that craft. Union workers seek to ensure that construction contracts go to union contractors. Non-union workers are concerned about job instability, lack of benefits and limited opportunities for advancement with non-union employers.

***Trade Labor Unions:*** Mutual aid societies that exist for the benefit of their members, trade unions demand reasonable wages

and working conditions through collective action. Unions also provide a structure for organized apprenticeship training programs, employee benefits and an institution of continuity that helps counteract the instability caused by the intermittent nature of construction employment.

## Building Trade Occupations

There are about 42 apprenticed building trades approved by California's Division of Apprenticeship Standards. Apprenticeship is an "earn while you learn" system common to all trades. Apprentices work on jobs while taking a set curriculum designed to meet the skill needs and safety requirements of each trade. An apprentice's starting wage is a percent of journey level wages. Assuming satisfactory progress, the apprentice receives periodic increases in this wage over eight to 10 six-month intervals. Carpenter apprentices, for example, start at 47 percent of journey wages, now set at $27 per hour and require eight six-month periods to advance to journey status. The length and degree of difficulty of an apprenticeship varies by craft skill. Some apprentices can advance more quickly through their apprenticeship based on skills, test scores and work experience.

***Suppliers and Manufacturers:*** Contractors purchase all the materials and products for a project from material suppliers and product manufacturers. Materials (rebar to gypsum boards) and products (casegoods to windows) can account for 40 percent of the total cost of a building construction project. Some manufacturers sell direct but the majority sell through existing supply and distribution channels comprised of wholesalers and retail outlets.

***Employers:*** The majority of construction employers are contractors, businesses that contract with private, public and non-profit developers to build a project, or contract with other contractors or subcontractors to complete a project. Contractors are either union signatories or open shop, and draw their workers from the appropriate pool, with some crossing over of union workers into non-union jobs. Some contractors maintain a permanent crew, but the majority of construction jobs are limited term and associated with a particular project.

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*Contractors Associations:* Contractors are frequently associated with trade associations. These associations provide services such as group insurance and networking to members and represent their memberships before government and public policy officials. The Association of General Contractors (AGC), the largest national association, is union-dominated but it also has non-union members. The Association of Building Contractors (ABC) has only "open shop" contractors and it includes among its services a Department of Labor-approved apprentice training program. ABC administers three California Division of Apprentice Standards approved apprenticeship programs: electricians, plumbers and carpenters.

**Carpenters, the largest group of building trades workers, held about 996,000 jobs in the U.S. in 1996.**

**Construction Managers** Also known as owners' representatives, they serve owners and fulfill multiple management functions such as pre-construction feasibility (examining all factors regarding feasibility such as land use surveys, traffic studies, building codes); organizing and coordinating the public bidding process (all the steps between bid opening and contract signing such as writing bid specifications, compliance with local hiring requirements, comparing bids, negotiating final contracts); and finally, oversight of the actual construction (ensuring the work is getting done).

*Owners/Developers:* Public and private developers acquire property and coordinate the process of constructing a building or facility. Public developers are primarily concerned with successful project completion within limited government budgets. Private developers are mainly concerned with maximizing profits.

## Woodworking Occupations: Outlook and Trends

Employment in all woodworking occupations – including carpenters in the construction industry and cabinet makers in the wood products industry – is highly sensitive to economic cycles, so job growth will be primarily affected by the overall economy. Carpenters, the largest group of building trades workers, held about 996,000 jobs in the U.S. in 1996. Four of every five worked for contractors who build, remodel or repair buildings and other structures.

Workers in the wood products industry held about 359,000 jobs in 1996: 229,000 were employed in custom shops and 130,000 in production shops including primary processing and secondary manufacturing. About 80 percent of salaried woodworkers worked in manufacturing industries. Of these, 27 percent were employed in firms making household and office furniture and fixtures, and another 27 percent were in establishments producing millwork and other materials used in construction.[1]

**Carpenters** read plans, identify and find materials, determine the sizes of the parts required, and measure and mark the materials for cutting. Working with hand tools and power equipment, carpenters cut and shape the materials and assemble or install them following the plans. Carpenters work in on-site construction ranging from residential remodeling to large commercial projects.

**Cabinetmakers** make, repair, alter and install fine wooden cabinets, fixtures, furniture, commercial casegoods, paneling and partitions, and doors and windows. Cabinetmakers work in custom shops or in production shops. The cabinetmaker's trade includes the use of such machines as trim saws, band saws, shapers, planers, joiners and sanders. Specially skilled workers in custom furniture shops may shape and finish elaborately curved pieces, and a few may also do carving and inlay work.

***Source: California Occupational Guide Number 23, 1995***

Demand for woodworkers will be generated by increases in population, personal income and business expenditures, in addition to the continuing need for repair and renovation of residential and commercial properties. The commercial casegoods market nationally is closely tied to the construction industry, which has been growing since 1993, as indicated by the employment levels shown in Figure 2.2. Opportunities should be particularly good for workers in wood products manufacturing who specialize in such items as moldings, cabinets, stairs and windows.

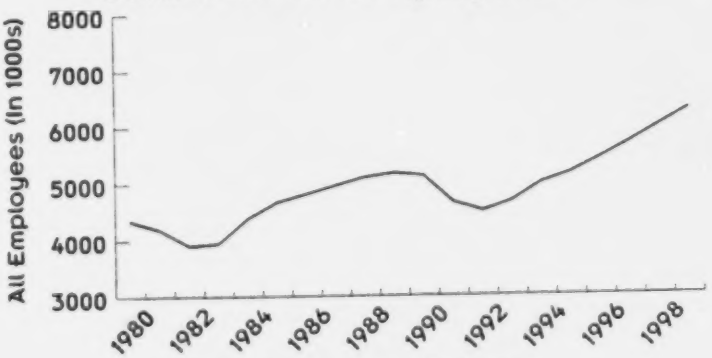
[1] BLS 1998-99 Occupational Outlook Handbooks for Carpenters and Woodworkers.

Employment for all woodworkers is expected to grow more slowly than the average for all occupations through the year 2006. Anticipated job growth for custom woodworkers will be partially offset by the decline in employment of production woodworkers where technological advances such as robots and computerized numerically controlled (CNC) machinery will reduce labor content. The integration of computers with equipment has improved production speeds and capabilities, simplified setup and maintenance requirements, and increased the demand for workers with some computer skills.

**In California the construction industry is currently in the boom phase of the boom and bust cycle that characterizes the industry.**

In addition, some jobs in the wood products industry will be lost in the United States as imports continue to grow and as U.S. firms move production to other countries. Environmental measures designed to control pollutants used in or generated by woodworking processes may also impact employment, especially in secondary industries such as household furniture.

**Figure 2.2**
**Construction Employment**




Source: Bureau of Labor Statistics,
http://146.142.4.24/cgi-bin/surveymost?ee, January 13, 2000.

Job opportunities for carpenters in on-site construction, on the other hand, are expected to be plentiful through the year 2006. Thousands of job openings will become available each year as carpenters transfer to other occupations or retire from the labor force. Shortages of skilled construction workers have been a construction problem for more than two decades. The average age of a skilled craft worker is 50 years and advancing with each passing year. Different national contractor associations estimate that to remain at

the present level of workers, the construction industry needs 250,000 new craft workers per year to replace an aging and retiring work force.[4] The demand for carpenters will be offset somewhat by expected productivity gains resulting from the increasing use of prefabricated components that can be installed much more quickly.

Building activity depends on many factors – interest rates, availability of mortgage funds, government spending and business investment – that vary with the state of the economy in each region and state. In California the construction industry is currently in the boom phase of the boom and bust cycle that characterizes the industry. However, as detailed below, the boom has not created as tight a labor market in other segments of woodworking occupations.

### Employment Outlook in San Francisco and in Alameda County

Interviews with AND staff and employers of AND graduates confirm the tight construction labor market in the current building boom in San Francisco and Alameda counties.

*"...the hiring halls are empty."*

***—owner of an Oakland minority construction firm***

*"...the critical shortage of journey level craft workers constrains the entrance of new apprentices...."*

***—AND training site manager in San Francisco***

*"...every building trade is competing for a scarce resource...we are looking for anybody who is vertical."*

***—apprentice coordinator for a major building trade***

Throughout California, there are tales of craft labor shortages as well as employers paying incentives to pirate workers away from competitors. The anticipated construction growth in the state this year is 13 percent. While good news for the economy, this growth will further strain the limited pool of skilled labor. One trade magazine reports, "If we are to continue as productive, competitive and successful contractors performing the tasks required, then we must heed the statistics and focus on developing our workforce. To turn our backs on this situation is unacceptable."[5]

[4] See Associated Builders and Contractors website (http://abc.org/index.html) on industry issues.

[5] California Constructor Magazine, AGC - California, February 1999

Management and labor, union and open shop, include workforce development as a priority issue at every level of the construction industry career path. Programs target schools to attract students to a career in construction, apprenticeship programs target new entrants, and supervisor training programs target existing managers.

In contrast, woodworking jobs with wood products manufacturers will grow more slowly. Many jobs have migrated outside of San Francisco County as their owners close shop or relocate to lower cost areas. According to David Wickum at AND, the number of wood products manufacturers in San Francisco has shrunk over the past 20 years from 50 to no more than five. As wages increase with cost of living, it is very difficult for custom and production shop owners to remain competitive in high cost living areas. In Alameda County, there are comparatively more opportunities for jobs in custom and production shops than in San Francisco, but no data on these jobs are currently available.

**Management and labor, union and open shop, include workforce development as a priority issue at every level of the construction industry career path.**

## Career Pathways in the Building Trades

**Construction Industry Career Path**
**Figure 2.3**

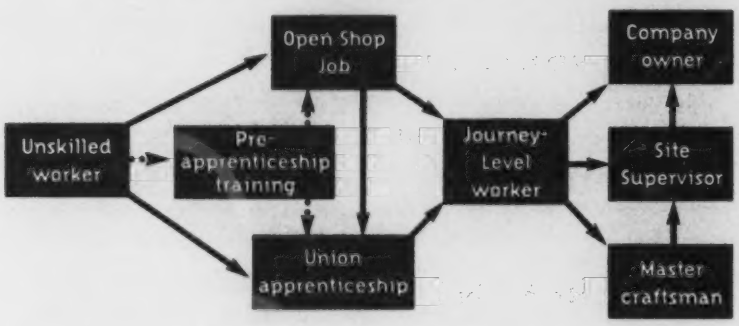



Figure 2.3 illustrates the paths an individual may choose as he or she makes a career in the building trades. The pre-apprenticeship training is an optional step before entry into the industry. In addition, there is the possibility of earning a degree at a trade school or a community college. In general, individuals need at least a high school diploma or GED before they can enter an apprenticeship program, but a few trades do not require those credentials.



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The two routes into the construction industry include the union apprentice system and the route taken by non-union workers. Entry into "open shops" often starts by simply starting work on a job, often as a day laborer. Open shop contractors generally locate employees through word of mouth referrals. Workers typically learn about available jobs through personal contacts. The entry system typically lacks a centralized source of job information such as the union hiring hall, making it more difficult to ascertain job availability. Also, the diverse nature and small size of employers reinforces the importance of strong inter-personal networks as the link to jobs. Open shop employers generally have about the same expectations of new employees as union employers; that is, they look for an individual with good work habits and some aptitude for the trade, but expect that the individual will learn on the job. These employers also offer wage increases as individuals demonstrate new skills. Thus, the training and wage progression process is in many ways similar to the union system, but much less structured in an open shop environment.

Apprentice programs are regulated by federal and state law. There are 42 apprenticed trades in California; the majority in the construction trades are governed by a joint labor/management committee. As mentioned above, ABC, the association serving open shop employers, administers only three apprenticeship programs. Workers who successfully complete apprenticeship programs receive a certificate as skilled "journey" level workers. The apprentice committees set entry requirements, procedures for apprentice selection, work requirements, training curriculum and standards. With each trade establishing its own standards, entry into the apprenticed building trades is a complex, highly fragmented system with multiple outreach and recruitment processes, times for opening to new recruits and criteria for entry.

Apprentice programs adhere to two intake models: the "list trades" place eligible candidates on a list from which they are dispatched to jobs; the "license trades" give qualified applicants a certificate, often called a "hunting license," that qualifies applicants to apply for apprentice level jobs with union employers. Entry into the "list trades" requires eligible candidates to pass a written test and an interview with the governing committee. Those who pass both tests

are added to the "out of work list", often rank-ordered by their test scores. Classroom training officially begins when they are placed in their first jobs. Qualified applicants in the "license trades" (e.g. those who have a high school diploma, a picture ID and have passed a screening interview) are given a list of employers. When hired, the applicant begins training.

Apprentice tradespeople, both union and non-union, face a number of pressures and obstacles to remaining employed and successfully completing the apprenticeship. Initially, there may be an economic burden to purchase tools and required clothing. Many apprentices also need private vehicles as construction sites often are not on public transportation routes. All tradespeople are subject to intermittent work and periods of unemployment, which could mean hardships for apprentices without a financial cushion. For single parents, the early start times of construction jobs can make it difficult to arrange child care at early morning hours.

**Apprentice tradespeople, both union and non-union, face a number of pressures and obstacles to remaining employed and successfully completing the apprenticeship.**

Since the dominant culture of the trades is white male, sexual and racial harassment can be factors that push new entrants off the job sites. The retention rates of apprentices vary by trade and are based on several factors: degree of enrollment openness, wage differentials, stability of employment and the amount of apprentice coordinator support. The ironworkers apprenticeship has a 50 percent retention rate. Some apprentices complete the program but go on to higher education. Some voluntarily drop out and some simply fail to pass the necessary hurdles to meet journey level status. The carpenters' union in Oakland is reportedly now trying to improve its 40 percent retention rate.

> *...the Unions are open to all....but union workers can be racists and bigots...the courts and CBOs have contributed by opening the trades to greater diversity...many of my union co-workers don't see it this way...it'll take time to change but we must be open to a much more diverse workforce.*
>
> ***—an apprentice coordinator***

Some barriers to working in the construction trades, particularly those affecting women and minorities, may be eroding. But the industry presents challenges nonetheless. Table 2.1

compares work in the construction trades with woodworking opportunities in a production environment, summarizing some of the potential advantages and disadvantages of each career choice.

**Table 2.1**

**Pros and Cons of Employment in the Construction Trades for Low-Income Individuals with Barriers to Employment**

| Pros | Cons |
|---|---|
| • Pays a livable wage<br>• Structured "earn while learning" apprentice training<br>• Opportunities for advancement<br>• Benefits come with union jobs<br>• Accessible to individuals with low education level (requires high school degree or GED to enter)<br>• One of the few options available to individuals with prison records | • Work begins early in the morning so it may be difficult to make childcare arrangements<br>• Hours are not flexible<br>• Significant problems with racism/sexism<br>• Frequent changes of job sites, causing transportation challenges<br>• Intermittent employment<br>• Requires initiative to remain employed and move up |

**Pros and Cons of Employment in Wood Products Manufacturing vis a vis Construction Trades**

| Pros | Cons |
|---|---|
| • Regular job site<br>• Year-round employment<br>• May be a more supportive work environment | • Hourly wage less than for building trades<br>• May or may not receive benefits<br>• Cabinetmaking/manufacturing positions not as widely available in SF (greater number of firms in Oakland) |

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*The building industry generates billions of dollars every year in blue collar wages, construction goods and services. We look at the overall building sector to see how we can capture industry resources for revitalizing poor communities and reducing poverty for low-income people. AND doesn't take a narrow view of training workers or making wood products. We design buildings...we develop buildings...we make products for these buildings...we train workers to build the buildings...we build affordable housing for low-income residents to live in the buildings.*

***— Gilbert Chan, AND founder and chief operating officer***

## Understanding the Chosen Sector

AND continually strengthens its knowledge of the building sector in two key ways: staffing decisions and research. AND hires individuals who bring considerable expertise as well as networks of industry contacts. Trainers know what employers want in entry level and career-oriented workers and have contacts that facilitate placement. SMP management brought a wealth of experience in construction materials as well as connections to buyers. AND's architects and construction managers also brought a wealth of knowledge to the organization and continue to use and expand their personal industry networks in their work at AND. The experience and contacts that AND staffers bring not only facilitate the organization's work, but also serve to improve and expand AND's reputation among industry insiders.

AND also uses industry research and periodically conducts its own studies in order to supplement the information that staff absorbs every day. For example, to determine which occupations might offer the greatest opportunities, AND has a fine tool for understanding how trends will translate to employment, illustrated in Figures 3.1 and 3.2

## Figure 3.1

| A<br>Trades by Stage | B<br>% Project Cost Per Trade | C<br>% Labor | D<br>% Materials |
|---|---|---|---|
| Concrete | 3.64 | 34 | 66 |
| Structural Steel | 6.33 | 33 | 67 |
| Rough Carpentry | 8.63 | 70 | 30 |
| Finish Carpentry | 3.62 | 75 | 25 |
| Plaster | 2.23 | 61 | 39 |
| Gypsum Board | 4.52 | 72 | 28 |
| Painting | 5.22 | 80 | 20 |
| Fire Sprinklers | 4.41 | 60 | 40 |
| Plumbing | 6.12 | 50 | 50 |
| Electrical | 8.43 | 57 | 43 |

Figure 3.1 displays an excerpt of AND's analysis of a cost breakdown for a typical construction project. Column A shows the major trades, by the order in which they are needed in a construction project. Just the top 10 trades, in terms of project costs, are shown here. Column B shows what percentage of an overall construction budget might be spent on each trade, and Columns C and D divide up the cost for each trade between labor and materials. Thus, in Figure 3.2, if you know that there will be roughly $700 million in new construction being done in the Bay area in the next year, then about $60.41 million worth should be spent on rough carpentry. That figure can then be broken down in terms of labor and materials, and the labor figure can be broken out by types of jobs to get a picture of what this information implies about employment opportunities.

## Figure 3.2

| | Cost % | Cost per trade ($M) | % labor, material | Cost | Jobs | | | | | Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | journey | appren. | manuf. | distrib. | clerical | |
| Rough Carpentry | 8.63 | 60.41 | 70 | 42.28 | 522 | 130 | 218 | 26 | 13 | 909 |
| | | | 30 | 18.12 | | | | | | |
| Finish Carpentry | 3.62 | 25.34 | 75 | 19.00 | 235 | 59 | 76 | 9 | 4 | 383 |
| | | | 25 | 6.33 | | | | | | |

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## A Subtle Approach to Industry Change

**An emerging strategy taken by AND and other non-profit developers is to work with owners/ developers to integrate local hiring requirements into contracts with their general contractors and sub-contractors.**

*...AND's work in the building sector has not focused on system changes – believing that it would be impossible for any one organization to bring about system changes in the complex building sector...we work within chaos networks that evolve and change constantly...our culture is to work our networks and get as much as we can for our communities.*

***— Maurice Lim Miller, AND executive director***

While AND does not consciously seek to change the industry in which it works, the organization's efforts nonetheless contribute to a subtle shift in standard industry practice regarding who gets hired and opportunities for advancement. Figure 3.3 provides a summary of the different strategies AND employs to increase access and improve career advancement in the building trades. Some strategies – the pre-apprentice training program and wood products manufacturing business – have been in operation for a number of years. Other strategies such as case management and local hiring goals are more recent. In particular, the table highlights how AND programs address both the supply side of the labor market equation, i.e., issues pertaining to the quality and availability of workers for employment in the building trades, and the demand side, i.e., how many workers employers hire, what skills employers seek, and how workers are employed on the job site.

## Figure 3.3 AND Sector Strategy Chart

| Goal | Activity | Strategy | Industry Contacts and Relationships |
|---|---|---|---|
| increase access to jobs in the building trades | pre-apprentice training in carpentry and cabinet making | Supply side: Labor demonstrates value to employers. | informal networks with employers and union apprentice coordinators |
| | food products manufacturing | Supply and demand side: Model business brings jobs and job training opportunities to inner cities. | informal networks with general contractors, their subcontractors and suppliers |
| | housing development and construction management | Demand side: Demonstrate contractual compliance to local hiring goals. | more formal, contractual relationships between owners and contractors to implement local hiring goals |
| improve chances for career advancement | pre-apprentice training | Supply side: Help clients form career goals and realistic post training expectations. | as above |
| | case management | Supply side: Demonstrate cost-effectiveness of client advocate to address non-job related stresses. | formalize post-placement retention services with non-industry actors such as child service |
| | wood products manufacturing | Supply and demand side: More customized entry level training on specific job skills and tasks. | pilot testing on-the-job training with potential demonstration value to other wood products manufacturers |

## Housing Development and Construction Services: Influencing the Hiring Decision

An emerging strategy taken by AND and other non-profit developers is to pull levers on the demand side of the building sector by working with owners/developers to integrate local hiring requirements or guidelines, often referred to as "first source" hiring goals, into contracts with their general contractors and sub-contractors. According to AND's chief operating officer, Gilbert Chan, this strategy augments and "...goes beyond the more traditional job development and network based placement approach to gaining leverage with owners and their contractors. If only 10 percent of new entrants were from local communities, we could open access to more jobs without even training people."

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Since 1991, AND has provided contract management services to non-profit owners of building projects such as day care centers, affordable housing and senior care facilities. Construction managers, also known as owners representatives, fulfill multiple management functions on the behalf of owners: pre-construction feasibility (examining all factors regarding feasibility such as land use surveys, traffic studies, building codes); organizing and coordinating the public bidding process (all the steps between bid opening and contract signing such as writing bid specifications, ensuring compliance with local hiring requirements, comparing bids, negotiating final contracts); and finally, oversight of the actual construction (ensuring work proceeds according to plan or developing a new plan as needed). AND recently upgraded its construction services unit to department status, underscoring both the opportunity to capture revenues to support AND's programs and, more importantly, to exploit the strategic importance of this unit on behalf of labor in the building industry.

**As an employer, SMP is an important source of feedback to the training staff on the performance of its trainees, as well as on industry trends and their effects on manufacturing jobs and entry level skills.**

AND's expansion of construction management services strengthens the organization's efforts to demonstrate the benefits and costs of achieving local hiring goals. First source hiring policies exist, primarily for publicly funded projects, but in AND's view they could be more effectively implemented. At present contractors can satisfy existing local hiring goals through "good faith outreach measures" without actually hiring from the local population. More explicit hiring goals and better monitoring of compliance could improve outcomes for local communities. Construction managers play a critical role here since they write the specifications against which contractors bid and then monitor performance after contract award.

AND and other non-profit developers are leading the way in experimenting with first source hiring activities with their own projects. They are pilot testing different types of specifications (e.g., percent of local hires on the job and/or specific trades in which local hires should be employed) and mechanisms for providing training support and evaluating the benefits and costs to owners and contractors of implementing first source hiring practices. AND plans to use these contract features with its construction management clients who are sympathetic to local hiring goals, further demonstrating the

efficacy of the approach. It sees the opportunity to expand this approach to a wide range of construction projects in the public and nonprofit sectors.

## Specialty Mill Products: The Role of a Business

AND's wood products manufacturing business, Specialty Mill Products, contributes to AND's social mission by bringing jobs and training opportunities to low-income, inner-city neighborhoods. According to David Wickum, SMP's general manager, SMP's contribution to job training has been "subtle but not unimportant." The location of training within SMP's two production facilities places trainees in a professional working environment. The availability of and access to SMP equipment offers trainees a unique opportunity for hands-on training with the tools of their future trade. As an employer, SMP is an important source of feedback to the training staff on the performance of its trainees, as well as on industry trends and their effects on manufacturing jobs and entry level skills. AND's customers include general contractors, architects and interior designers. SMP sales staff leverages these networks to assist the training staff identify placements for trainees. Thus, the business now fulfills the primary goal for which it was originally established – to enhance the training program.

A secondary goal, which SMP is now ready to pursue, is job creation for low-income residents of inner-city communities. AND founded SMP after it had to relinquish control of the first business it founded. The lesson learned from that experience was that one should not expect a business to accomplish all goals at once. While AND staff and board have always hoped that SMP would contribute to job creation, this was not the first goal. Staff wanted to ensure that the business was on stable footing and was fulfilling the goals for the training program before proceeding with an expansion.

Several factors have spurred AND to now aggressively expand the business. One is the availability of capital. Capitalization is often difficult for non-profit businesses, since debt funding is limited and equity funding clearly unavailable. Other sources of capital, most notably the Roberts Foundation, have recently stepped in to fill this gap for non-profit entrepreneurs, making expansion possible. In addition, due to changing business factors, the business needs to grow to remain competitive; small

businesses do not have the resources to install quality control systems or the ability to achieve economies of scale and hence competitive pricing that today's customers demand. Finally, AND has gained experience in Oakland, the anticipated site for local expansion. While not a low-cost location in terms of wage rates, the area provides other cost advantages such as access to suppliers and transportation, which help offset that factor. SMP's multi-year business plan projects revenues to grow from $2 million in fiscal year 1997 to $15.8 million in 2004 and the number of employees to increase from 40 to 200.

**A critical reason AND has resisted unionization of SMP is to retain control of the business as a venue for training.**

SMP has designed its own entry-level training program, customized for casegoods manufacturing. It will include basic math skills, fundamental geometry, overview of the casegoods industry, and understanding the 32 mm system, the industry standard for the degree of precision required in casegoods manufacturing. New employees, who may or may not have previously participated in AND training, would go through a program in which they would be assigned a mentor who would assist them through each of the different stages of manufacturing. Advancement would be based on passing a test for specific competencies and wage increases would be tied to performance. The training is designed so that at the end of one year an individual would have received training in all of the important segments of the manufacturing process. The present plan is to start four individuals every six to eight weeks. The assumption is that this number can be productively absorbed. It is anticipated that after a year many of those individuals might choose to leave, and they would leave with very marketable skills in the manufacturing field. Due to SMP's projected growth, however, the company will try to retain at least one-third of the individuals trained. The industry standard for turnover is 10 percent, but with this plan, SMP management would expect higher turnover as it helps some people find jobs in other businesses at the end of one year.

SMP seeks to demonstrate the viability of an inner-city based goods manufacturer linked to the building and construction trades. As the cost of living and prevailing wages go up, manufacturers go elsewhere. By locating in West Oakland, SMP is challenging this trend by demonstrating a viable business model that employs local resources. SMP has already replicated this model by

co-venturing with Co-Opportunity, a community-based non-profit in Hartford, CT, to set up a new venture, called Precision Wood Products, modeled on AND's business approach. SMP staffers now refer potential clients east of the Mississippi to this facility, and some co-marketing of products has taken place. AND hopes to develop similar joint ventures with other non-profits in order to expand and adapt its model to other locations.

## The Challenge of Being an Industry Actor

AND's embeddedness in the building sector can also limit its ability to implement its mission within the building sector. Over the years, AND and the carpenters union have been engaged in an "on-going war." During the recession of the late 1980s and early 1990s, cabinet shops were closing. Outbidding a union shop for a contract would bring AND into conflict with the carpenters union. Today, AND's relationship is more or less neutral. According to Maurice Lim Miller, "The carpenters' union won't attack us but it won't support us either."

A critical reason AND has resisted unionization of SMP is to retain control of the business as a venue for training. More direct union involvement would limit AND's flexibility to implement a training curriculum it believes best suits its needs. Unions typically are very interested in which workers receive training and how and when this training is administered. By negotiating this issue as part of a collective bargaining agreement, AND might lose its flexibility to provide training on the shop floor to non-employees or to quickly change the structure of the training program in response to changing needs.

SMP also would not be viable if it paid union wage and benefit rates. In San Francisco, union carpenters wages are based on construction wages which are directly related to the local cost of living. Since construction necessarily occurs on-site – one does not normally ship an entire bridge or office building from a plant in Colorado – construction labor costs are determined locally. However, construction materials such as the casegoods produced by SMP can be shipped nationally, and thus manufacturers compete in a national rather than local market. Hence wages must reflect, to the extent possible, national industry norms and cost structures. SMP could not pay prevailing construction wages in San Francisco

and Oakland and still be competitive within its industry. SMP staffers also estimate that the benefit package they offer is roughly comparable to or perhaps a bit better than union standard. Because staff members administer it themselves, the cost of the package to SMP is about 25 percent less than what they would have to pay the union to provide benefits.

One implication of being an industry insider is that one can easily incur the displeasure of another key industry actor. The carpenters' union resents the fact that AND's shop is not union. Since unions are very politically powerful in San Francisco, AND avoids taking a high profile in the public policy arena. While other CBOs might take a lead on policy issues affecting low-income neighborhoods – such as compliance with Affirmative Action/Equal Employment Opportunity requirements on publicly funded construction projects – AND chooses to join coalitions to advance policy issues that benefit its clients. Joining coalitions allows AND to participate in the policy debate, but also provides some cover against the politically powerful unions that may not agree with the policy being advocated.

**AND has retained a dedicated focus on leveraging its skills, credibility and networks in the building sector to assist low-income people improve their lives.**

## Strategic Options and Choices

AND's sectoral focus has expanded to include more segments of the building industry over its 25-year history. It has retained a dedicated focus on leveraging its skills, credibility and networks in the building sector to assist low-income people improve their lives. Over this period, AND has developed capacities in workforce training and placement, wood products manufacturing, furniture design, construction management, design of community facilities and development of affordable housing. AND has the sixth sense of the entrepreneur to spot opportunities and the ability to act on them. As AND proceeds, new strategic choices must be made.

### Building Technology Center: A Sector or a Cross-sector Focus?

AND is interested in a new program it calls the Building Technology Center. The core of the BTC would be computer technology in different forms: introduction to computers and basic software applications; introduction to Computer Aided Design (CAD) and Computer Numerically Controlled (CNC) machines; and computer-based learning for remedial education. There are a

couple of apparent trends AND sees that provide a rationale for this initiative:

- **waning interests and willingness of its customers to seek blue collar jobs and careers in the building trades;**

- **the significant impact computers are having in the building industry among construction contractors, construction materials manufacturers and suppliers and distributors of construction materials; and,**

- **emerging job opportunities in CAD and CNC machinery operation in wood products and other manufacturing industries in northern California.**

The Building Technology Center brings strategic choices into focus. One option is to expand the range of occupations within the building industry for which AND trades to include more white collar occupations, in which computer skills are very important. A second possibility is to provide more specialized training in CNC and CAD machining operations that might be used in a variety of manufacturing environments outside of the building industry. At present, AND is weighing the pros and cons of staying within the building industry and expanding vertically vs. reaching out to new industries, such as fabric, plastic or printing, and building the training around a specific skill area common to those industries. As always, an assessment of what will best meet the needs of AND's low-income clientele will be a critical part of this decision.

With more than 20 years experience, AND has made training a major component of its strategy to help individuals achieve self-sufficiency. At present, AND offers its training in two sites, one in San Francisco and one in Oakland, and serves approximately 100 clients per year. The primary emphasis of the training is on cabinetry and carpentry. In the past two years, training components covering the basics of plumbing and electrical work have been made available to those students showing an interest and aptitude in these fields. The goal of AND's pre-apprenticeship training is not simply to help clients find jobs, but rather to provide them with the tools to be successful in their jobs and to build careers in the building trades.

## Participant Characteristics

AND's only criteria for enrollment to its training program is that applicants be low-income residents of the city in which the training is being held, i.e., San Francisco or Oakland. AND operates one of the only construction trades training programs in the Bay

## Derrick's Story

Derrick is a 24-year-old African American male who had received training in landscaping and had worked in that field. He came to AND because he believed he could earn more in construction. Derrick was employed for six of the past 12 months. In his last job, he worked as a gardener for a municipal facility, where he earned $9 per hour plus benefits. He was discharged from that job and remains unemployed. Derrick lives with his mother, and their household income includes Supplemental Security Income (SSI) and housing assistance. When asked what things have been holding him back from getting the job he wanted, Derrick responded, "...lack of education and correct motivation – there have been other ways to get money besides work." He also noted that he is the only male in his household and feels responsible for taking care of the family. He hopes that when he finishes training at AND he will get a carpentry job that pays $10/hour plus benefits. Eventually Derrick would like to complete college.





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area that does not require a high school diploma or a GED.* In addition, AND accommodates individuals who come to the program with a range of barriers to employment, including those recovering from substance abuse or transitioning off public assistance. In particular, the building trades do not present the barriers to employment for individuals with criminal records that are found in many other industries. AND staffers estimate that at least half of their clients have had previous contact with the criminal justice system.

AND attracts a diverse range of clients. In 1997, 65 percent were African American, 14 percent were Hispanic, 9 percent were Asian and the remainder included a mix of Native American, white and multi-racial individuals. In that year, 28 percent of clients were female, and AND has been reaching out to increase the number of women in its training programs. Age groups also tend to be mixed, with 44 percent of clients being under 20 and 22 percent over 30 in 1997. AND looks for a mix in ages and work readiness skills as it forms classes. It has found that informal mentoring takes place among students in classes, and that the less work-ready tend to advance faster as they follow the example of their more work-ready peers.

## Keisha's Story

Keisha, a 30-year-old mother of two children, has been on public assistance for the past four years and living in a residential drug recovery house for the past nine months. She has held one job in the past 12 months, as a general laborer for a construction contractor. That job, for which she was paid $8.90 per hour, was temporary and only lasted one month. Keisha only stayed in high school through grade 10, and she has not earned her GED since leaving school. When asked what barriers have kept her from work to date, she responded, "...not going to look for a job...not trusting myself to be able to do the work they want." Keisha hopes to eventually become a journeyman carpenter earning $20 per hour plus benefits.

*Having a GED refers to having passed the General Educational Development test, a high school equivalency exam.



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### Recruitment

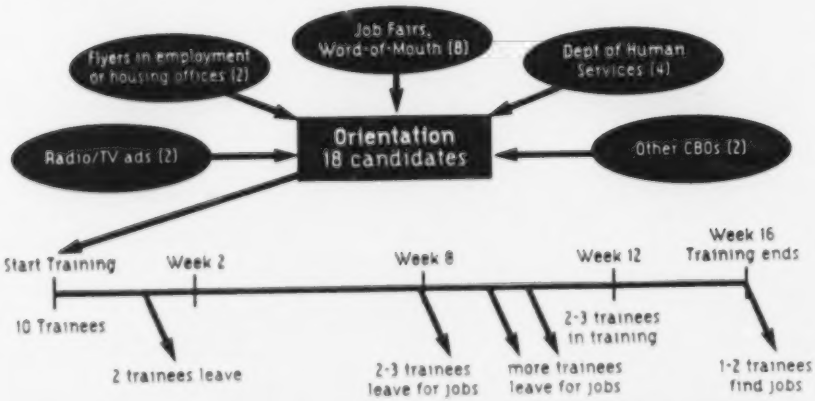
AND recruits clients through job fairs, contacts with other non-profits, and flyers in low-income housing facilities, employment offices and human services offices. Staff has found that many people hear of the program by word-of-mouth and other informal means. For example, one trainee reported that she learned of AND because her cousin participated in a training class. Another knew about AND because she lived in the neighborhood. Figure 4.1 shows the estimates that training staff make as to where their trainees typically come from.

AND's approach approximates an open entry/open exit training system.

## Training Cycle: Outreach to Placement

AND's training is organized in such a way that a new class starts every four weeks. This means that potential clients do not have to wait long before beginning training. While the training is officially 16 weeks long, many candidates are placed well before that, as shown in Figure 4.1. After eight weeks in the program, trainees have completed a four-week training in carpentry and a four-week training in cabinetry. At that time some are judged to be job ready, while others may need further training. Trainees continue on until judged job ready. Thus, AND's approach approximates an open entry/open exit training system.

**Figure 4.1**
**AND's Recruitment Sources and Training Timeline**




As trainees are judged to be job ready, AND staffers help them find employment. Most trainees complete less than the full 16 weeks of training.



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## Orientation

Candidates wishing to enter a training class are asked to complete an application, which covers areas such as education and work history as well as general personal information. A key indicator for staff is the references section. Candidates are asked to supply the names of three personal references. Staff members have found that those who fill this section out willingly generally do better in the training program, and they hypothesize that this result is due to the individual having supportive relationships in their lives. In general, the training site manager does not check references when they are supplied willingly. If the section is left blank and he needs to ask specifically for them, then he will check them. Not filling out the references section does not eliminate someone from consideration for a training slot, but it does raise a flag for staff that this person may have greater difficulties.

Candidates are also asked to meet with the training site manager or another staff person at least three times prior to the start of training, and at least one of those times will be at a job site. These meetings allow staff to assess the individual's commitment to the training program and to begin stressing the importance of showing up on time. Several applicants typically drop out during this process. Candidates who fail to keep appointments but are still interested in the program may be asked to reapply in a subsequent training cycle.

## Training Methodology

AND's training is very hands-on. Trainees begin with four weeks of cabinetry training and by the end of the first week they have completed their first project. It may be a very simple project, such as a tool box or simple storage box, but staffers report that this immediate accomplishment gives trainees a tremendous boost in self-esteem. In addition, trainees quickly move on to other projects, often items requested by local non-profits, such as cabinets, bookshelves and other furnishings needed for re-designed offices or facilities. For example, AND trainees in Oakland recently made 16 desks for a nonprofit jobs consortium that trains individuals for office work. AND charges these non-profits the cost of materials for the work. This arrangement helps AND defray the cost of its training program, provides a valuable service to area non-profits, and allows

trainees to work on real projects that they know someone will use. Trainees also work on projects they may then buy themselves, for a discounted cost of materials. The cabinetry training instructor in Oakland reports that trainees almost always choose to buy what they have made and are proud to show their work to their families.

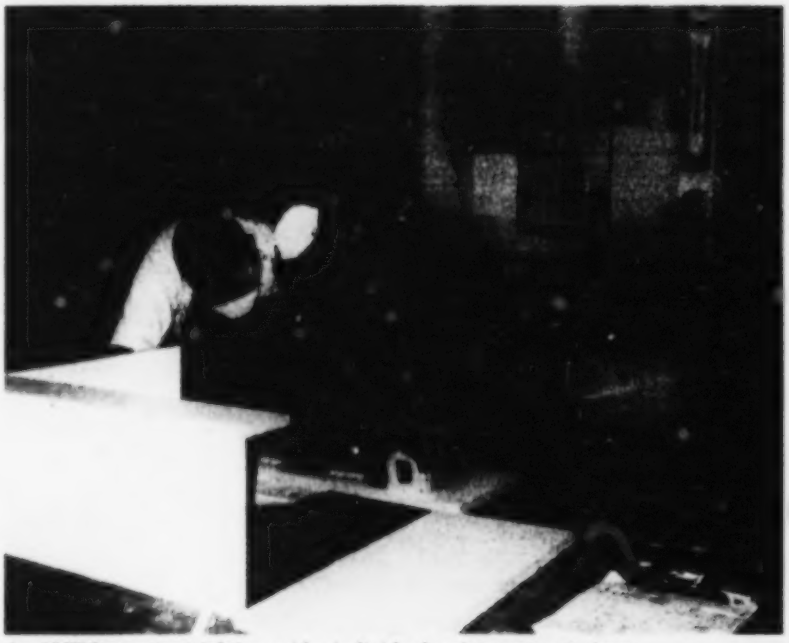
This hands-on philosophy is carried on throughout the training. The second four weeks are devoted to carpentry skills. During these weeks, trainees are working on construction sites and not at the AND training center. Again, AND's strong links with the non-profit community provide a steady stream of real jobs for trainees to work on. At the case study visit, trainees were working on the build-out for the Vietnamese Youth Center. This involved framing and hanging doors, knocking down some interior walls and re-building others. Eventually the trainees will install counters, storage cabinets and other items. Prior to this project, the trainees had worked on the space for AND's new main offices. In this case, not only did the carpentry trainees do the on-site work, but the cabinetry trainees made the cabinets and other storage items needed for the new space. AND has also developed a close relationship with the San Francisco affiliate of Habitat for Humanity, and trainees work on its projects as well. Given the relationships with area non-profits and with Habitat for Humanity, AND has a constant supply

**AND's strong links with the non-profit community provide a steady stream of real jobs for trainees to work on.**

## Key Training Features

**Trainees Experience:**

- **hands-on learning**
- **work in a business setting**
- **responsibility for work on projects for which there are customers**
- **a supportive environment, with services available to address non-training, "life" issues**
- **open-entry / open-exit style training, allowing individuals to proceed at their own pace**
- **peer-to-peer mentoring**
- **the option of continued job and counseling assistance after training.**



An AND Instructor (right) provides individual assistance to a trainee.

of real construction projects for trainees to work on. AND staffers find that trainee motivation and sense of accomplishment are much greater when working on projects that they know are important to someone else.

During the entire training cycle, Fridays are devoted to math and lifeskills training. Math is taught from 8 a.m. to noon and covers fractions and basic geometry. In the lifeskills training, discussion topics include how to handle the transition to work and balancing family and work issues. Speakers, including employers and former trainees, often make presentations during this time. In addition, trainees have peer group sessions in which they can discuss what their feelings are on the subject of the day.

After the first seven or eight weeks of training, trainees have the opportunity to take their "mid-term" exam. The exam tests trainees on various math and measurement skills, safety procedures, and the recognition of and uses for various tools and materials. If students do 50 percent better than they did when they took the test prior to beginning training, they are considered to have passed and need not take the test again. A 50 percent improvement is required



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for graduation, and trainers look for at least a 25 percent improvement by the mid-term point.

After trainees have completed the first eight weeks of training, they may continue on, or they may be judged job-ready and staff may help them find a job. For those continuing training, there are four more weeks of cabinetry, followed by an additional four weeks of carpentry, with continuing math and life-skills training on Fridays. As mentioned above, trainees may be placed in jobs at various points throughout this second eight weeks of training. Trainees need to complete at least 220 hours of training prior to being placed.

**AND staff feels that locating the training in a manufacturing environment provides more of a real work atmosphere for the trainees and is important to the tone of the training program.**

AND's training methodology was developed to provide, to the extent possible, a real work atmosphere. The training centers are co-located with the Specialty Mills Products (SMP) manufacturing facilities to provide a professional atmosphere. In addition, in the Oakland site, trainees spend their third week of training at work on the SMP floor. At the end of this week trainees are evaluated by both the trainer and their supervisor at SMP. Trainees are paid $6 per hour for this work and get a real feel for working in a production environment.

The advantages SMP offers to the training program in the San Francisco shop are more subtle than in Oakland. Because the work in San Francisco is primarily high-skilled work, as opposed to the mass production goods manufactured in Oakland, there are not as many opportunities for on-the-job training in San Francisco. In addition, the crew in San Francisco is a small group of Chinese men, most of whom do not speak English. This crew was recruited from low-income communities in Chinatown when AND was organizing in those neighborhoods, and the men employed were having difficulty finding employment because of their limited English language skills. While the crew is highly skilled, the crew cannot mix well with the trainees, who are all English speakers. The trainees do have the opportunity to learn how to use some of the specialized machinery that SMP has, an advantage over some other training programs, but that is the only direct linkage between the manufacturing and the training in the San Francisco site. Nonetheless, AND staff feels that locating the training in a manufacturing environment provides more of a real work atmosphere for the trainees and is important to the tone of the training program. The trainees did seem

## Trainee comments on AND training

*"More hands-on than City College...learn very quick."*
*"Punch in and out every day – like a regular job."*
*"Felt I was in the right place the first week...they put you to work."*
*"I didn't know how to do nothing...now I know why someone should hire me."*
*"...this is a job, and that's exactly what I feel when I get up every morning. I feel I'm coming to work..."*
*"It's allowing me to grow as an individual and to get along with others...to get back into the swing of living."*

to reflect that feeling in their comments.

Throughout training, trainees are required to punch in and out and to be on time arriving in the morning and returning from breaks. Trainees are allowed 15 minute breaks in the morning and in the afternoon, and a half hour for lunch. When a trainee arrives late or returns late from a break, it is highlighted on his or her time-card. A trainee with more than two highlights on his card will not receive a stipend for that week. Ordinarily, trainees receive $50 per week as a stipend after the first two weeks. If trainees show at least a 25 percent improvement on the mid-term exam, then they receive $75 per week. To promote the development of interpersonal skills, staff encourages trainees to learn to interact with others by involving them in ordering materials or delivering products to customers. In this way students start exercising some of the interpersonal skills they will be expected to have on a job. The box above shows some of AND's current trainees' comments on the training program.

While AND's training is designed to provide a "real work" atmosphere, training staff is also sensitive to the particular personal situations of their clients. To the extent possible, staff tries to help clients with child care difficulties, family problems, issues with the social services system or other personal problems. Clients are allowed time away to take care of problems when needed, and staff may offer referrals or other information to help trainees in need.

In addition, AND has a division that offers family and youth services, and trainees may find help there. Trainers have found, how-

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AND trainees work at construction sites.

The hard skills imparted in AND's training are critical for giving trainees a sense of self-confidence and for providing the proper context and motivation to learn some of the softer skills.

ever, that since the family and youth services staff members are not on site, they do not form the relationships with trainees that would help them provide appropriate service. In addition, the staff in Family and Youth Services works primarily with individuals living in AND's low-income housing facilities, a population that tends to be very different and to have different needs from the trainee population.

Although they have had time to form a bond with trainees, the trainers feel they lack the time and resources to effectively address the diversity of issues that arises among trainees. The manager of the training program is now actively seeking funding for a "trainee advocate," who would be knowledgeable of resources that should be available to trainees and would be better equipped to assist trainees as they work with the social services system and other resource providers. It is hoped that this person would be particularly helpful to women, a group that AND is striving to serve more effectively. AND's attention to the personal as well as the skill development issues faced by their clients is compatible with its focus on a range of competencies and needs that have to be addressed as individuals find a path to self-sufficiency.

## Assessment

*"Job ready skills in the building trades emphasize the soft skills of positive attitudes about hard work, team work, work safety. The hard skills are developed over time – through apprenticeship training, work experience and mentoring by skilled crafts people. Initial success is being able to demonstrate good work habits, willingness to learn and to take advantage of career advancement opportunities as they are presented."*

***—Tim Chupein, ETC site manager for San Francisco.***

*"The best thing we can do is to teach them to show up on time and to work hard…to teach them to want to learn."*

***— James Frates, AND training instructor***

*"…showing people how to be in the workplace – that was my job."*

***— Zelda Saeli, AND director of training and former training instructor***

*"…keep them [trainees] until they're job ready…an employer doesn't ask how much they know, he asks how dependable they are."*

***— Pete Henderson, AND training instructor***

As the above comments indicate, AND's assessment process is less about whether a trainee has achieved a certain set of hard skills and more about whether a trainee is ready to make the commitment to work. The hard skills imparted in AND's training, however, are critical for giving trainees a sense of self-confidence and for providing the proper context and motivation to learn some of the softer skills. In addition, these skills give the trainees a head start and will make it easier for them to retain employment. But as a pre-apprenticeship program, AND staffers recognize that they are not the sole or even primary source of skills acquisition for their clients since in the building trades, individuals are expected to learn on the job. Thus, trainers look for competencies such as the ability to follow a set of directions, to work in teams, and to learn from their peers as well as from the instructor in assessing job readiness. By having a very hands-on, experiential training model, AND's program encourages trainees to develop the skills they will need to continue learning once they are on the job.

Other than a few basic competencies – e.g., all trainees need to pass a safety exam early on in training and are expected to learn how to use a tape measure and some essential tools – AND's assessment procedures are oriented toward assessing a client's motivation and degree of commitment to work. As mentioned above, AND does test trainees through a formal exam, but this is "graded" based on the degree of improvement a trainee shows, rather than the demonstration of a specific set of skills. Trainees receive informal feedback from the training instructors on a daily basis, and may have formal assessments periodically throughout the training process.

This assessment approach seems to match well with the requirements of many of the employers we spoke with. One employer noted that, "Skills are nice, but it's not really what you're looking for when you hire someone. You want someone who wants to learn." Other employers echoed the sentiment, saying that they had skilled personnel who could teach new employees, and that it was more important to have someone who was dependable.

### Placement

The strength of AND's apprentice program is that the training content matches what employers want.

*"AND instills a career orientation and this is very important...the workers I recruit from the hiring halls tend to be less motivated for full-time work...they have established a pattern of moving from job to job and tend to prefer occasional versus full-time work....AND's trainees may be uncertain about which career path to take but they are very motivated to seek full-time employment."*

***"—Ralph Tondre, owner of a residential construction firm***

Trainees are placed both in cabinetry shops or other production environments, and in positions in the construction trades. The site manager at each of the training sites is the primary staff person responsible for placement. The San Francisco site manager reports that his sources of jobs include his personal networks from his previous work in construction, an internet job board and calls from employers who had previously hired trainees or are otherwise familiar with the program. Due to the tight labor market now, AND

also receives cold calls from employers with whom it is completely unfamiliar.

At present, AND is placing 35 to 40 percent of its training graduates with unions, a high proportion relative to historic standards. AND encourages trainees to register with at least two unions, once a trainee has determined which unions he or she might be interested in. Many unions require candidates to have a high school degree or GED, but, as mentioned above, many AND trainees do not have these credentials. For these individuals, AND provides information on GED classes available and encourages trainees to participate. AND's San Francisco site manager reports that eight trainees from that program have finished their GED during the last six months. For trainees who demonstrate an aptitude for math, trainers may encourage them to consider the electricians, plumbers, millwrights or sheetmetal workers unions. These unions have rigorous math programs and long apprenticeships, but qualified individuals can eventually earn upwards of $30 per hour.

AND also hires several trainees per cycle to work at SMP. While some individuals may use this job as a transitional job, others plan to stay long term. As mentioned in the industry section, work in a cabinetry shop or wood products manufacturing facility offers some advantages over construction jobs, even though the wages may be

AND trainees learn to use SMP equipment. *Photo by David Meiland*

lower. The mix of jobs is somewhat different in Oakland than in San Francisco. In San Francisco there are relatively few cabinet shops, since the cost of operating there has become so high. Many have moved to the East Bay and, thus, Oakland has more of these types of opportunities for its trainees. Nonetheless, many cabinet shops remain in San Francisco and AND continues to place trainees in these facilities.

Some of AND's funding sources for its training program require that trainees complete the 16 weeks of training. AND does not want to hold job-ready trainees back from paying work opportunities, but if the organization does not fulfill its contract, it does not get paid for providing training services. AND found an excellent way to deal with this problem. For trainees in this situation, AND places the trainee with an employer, but then asks the employer to pay AND, rather than paying the trainee directly. AND passes the wages on to the trainee, and also keeps track of how he or she is doing on the job, providing any follow-up support as needed. In this way, AND creates an on-the-job training opportunity that allows the trainee to begin earning money while at the same time fulfilling AND's contract obligations and offering AND an opportunity to have ongoing contact with trainees as they make the transition to work.

**As the labor market has tightened up, AND has found that its classes have become less mixed with regard to trainee levels of workforce readiness.**

A continuing challenge in terms of contract compliance, however, is trainees accepting "under the table" work. Since this work is not recognized as a job, trainees who leave to accept such work are viewed as not having been placed and AND will not be paid for having provided training services to these individuals. While AND tries, to the extent possible, to steer its clients into legal work, these types of work arrangements remain common in the construction industry and are often tempting for trainees.

## Staffing

Each training site has two trainers – one for carpentry and one for cabinetry. The ratio of trainees to instructors is generally eight to one. All AND trainers had significant industry experience prior to coming to AND. Most had reached journey level in their trade and had run their own businesses. While very skilled and experienced, AND's trainers also demonstrate an understanding of

the organization's mission and a dedication to teaching and mentoring students. In addition, these trainers have experienced some of the difficulties as well as the benefits of working in cabinetry and the construction trades. Two trainers are women, and one trainer is an African American. These individuals are familiar with the types of discrimination women and minorities face in these occupations and can counsel trainees on some of the issues they will face in the workplace. Due to their experiences, trainers provide credible information about the level of commitment needed to work in the industry as well as a realistic picture of the benefits and challenges.

The site manager at each of the training sites is responsible for outreach and recruitment as well as placement services for the trainees. In addition this person handles any problems that might arise during training and is responsible for disciplining trainees when necessary. In San Francisco, the site manager has construction experience and worked as a trainer before becoming site manager. In Oakland, a new site manager was selected but had not started work at the time of the case study. This person will reportedly bring experience both in the building trades and in training administration to his new position.

The overall manager of the training program started as a trainer with AND 10 years ago. Prior to coming to AND, she had worked as a cabinetmaker and had run her own cabinetmaking business. She is now responsible for the design of the training program and handles issues ranging from budgeting and administration to curriculum design. She also backstops other positions when needed and has, for example, been working a great deal with the Oakland training program while that program has been without a site manager.

## Case Management Services: Addressing Non-Job Factors

As the labor market has tightened up, AND has found that its classes have become less mixed with regard to trainee levels of workforce readiness. Most clients now have fewer strengths and more barriers to success in the labor market than previously. Individuals with some work experience or strong support networks in their lives are less likely to need help accessing a job opportunity now. Thus, AND has fewer natural mentors for its students, and

trainers need to address more factors that keep individuals from finding or staying on a job.

In response, AND collaborated with other non-profits on the CCAP consortium, to establish a demonstration of the effect of case management services. In addition, as mentioned above, staff would like to create a "trainee advocate" position in order to more efficiently assist trainees in addressing the myriad issues they face on their path to self-sufficiency. It is hoped that such a position would allow better case management services for all trainees, rather than just the subset that qualifies for CCAP services. AND has also developed a sophisticated tracking system for its clients that it hopes will enable it to identify the support services needed to help low-income individuals in their struggles toward self-sufficiency. This system is based on the self-sufficiency framework described in the Program Strategy section. Given its mission to serve all in need, and its focus on the hardest to serve, supplementing industry skills and programs with non-job related services is a necessary part of AND's overall approach.

**AND has introduced a computer-based basic skills training program that provides math and literacy skills development through self-paced computerized modules.**

## Options for Expanding Training Services

*"Qualitatively they're [AND] good – their design is good, their curriculum is good, their instruction is good, and they produce outcomes for us…I think it's very creative…the entrepreneurial piece makes them unusual."*

***— Gay Plair Cobb, chief executive officer, Oakland Private Industry Council***

*"AND must have an effective pre-screening mechanism…AND's placements are consistently highly motivated…they have a career motivation…they want to learn and to succeed."*

***— Bernie Nestle, owner, NCR Construction***

*"AND [the training program] has a really good reputation, particularly in cabinetry…Programs that require a GED or a high school degree are a real stumbling block. It's very helpful that AND doesn't."*

***— Shirley Melnicoe, executive director, Northern California Service League, an organization dedicated to helping offenders and ex-offenders become responsible and productive citizens.***

AND works to attract more women to the trades.

AND has developed a well-respected training program. Employers, public officials and members of the non-profit community all give the program high praise. At this point, AND feels ready to significantly expand its training offerings, and an array of enhancements to the training programs and new areas of training are under consideration.

The most immediate objective is to create the new Building Technologies Center (BTC). The BTC would expand the technology content in AND's training curriculum, addressing the demand among both trainees and employers for more technology training. AND staff must decide, however, if this training should be oriented toward an expanded set of targeted occupations in the building sector, or toward a core set of skills that could be applied across a range of occupations both inside and outside the building sector.[10] AND realizes that students are unlikely to become skilled CAD personnel or CNC operators after several weeks of training, but the BTC is also envisioned to facilitate longer term support for individuals. Individuals would continue to come back for further training to enhance their skills. AND estimates that students might maintain a connection with the BTC for two to six years, depending on the personal and family barriers and responsibilities the individual must balance along with career enhancement.

AND has some experience in technology-based training. The organization has already provided a limited amount of CAD training through its architecture division, serving as a pilot for that training area. In addition, AND has introduced a computer-based basic skills training program that provides math and literacy skills

[10] The BTC and the potential training options being considered are also described in the section, "Implementing a Sectoral Focus."

development through self-paced computerized modules. This training has been used as a supplement to the existing training program and staff feels that students have responded well. Another possible area of expansion for this training is to place computers with these programs in AND's low-cost housing, allowing residents to access this training. If this proves successful, various distance learning opportunities for this population may be explored.

At present, AND seeks funding for the expanded facilities, additional staff, upgraded equipment and supplemental support services that would be needed to carry out the vision of the BTC. In addition, staffers are working on refining their vision, and deciding on the specific training offerings that would best meet the needs of their target population and help trainees prepare for jobs that will lead them toward self-sufficiency.

AND is a complex organization with many different programs. This section focuses primarily on the costs and outcomes related to AND's training initiatives.

## Outcomes

AND is growing its training programs. In fiscal year 1997 the organization provided training services to 80 individuals. By fiscal year 1998, that number had grown to 102. AND anticipates that over the next five years it will develop the capacity to provide training to more than 350 individuals per year.

AND looks to achieve this growth while maintaining its graduation and placement rates. Table 5.1 provides figures for AND's performance in FY98 in terms of the number and percentages of individuals that completed training and found jobs. Both graduation rates and placement rates are quite high. By way of comparison, the Oakland Private Industry Council (PIC) requires an 85 percent placement rate in its contracts; AND has achieved 91 percent. The Oakland PIC notes that its overall retention rate in the trades has been running at 75 percent, so AND's 81 percent rate compares favorably. The Oakland PIC may be using a 90-day standard in calculating its retention rate, however, in which case the results may be more closely matched, since only 60-day retention figures were available from the Oakland site. The overall benchmark that the Oakland PIC uses is 65 percent retained after 90 days of work. AND's training program has received several performance awards, including one from the Oakland PIC.

### Table 5.1

| AND FY98 Graduation & Placement Rates | |
|---|---|
| Trainees | 102 |
| Graduates | 75 |
| Graduation rate | 74% |
| Graduates placed in jobs | 68 |
| Placement rate (as percent of graduates) | 91% |
| Average hourly wage at placement | $9.18 |
| Number of job trainees still working at 30 days* | 55 |
| Retention rate (as percent of job placements) | 81% |

*Oakland reports figures for 60-days retention; SF reports for 90 days.



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The starting wage of $9.53 per hour seems to match the starting wages reported by industry employers. Moreover, the industry offers considerable potential for advancement. The March 1998 National Compensation Survey found that the average wage earned by construction workers in the San Francisco-Oakland-San Jose area was $19.15 per hour.[11] By comparison, in 1996 the estimated self-sufficiency wage for a single parent with one pre-school age child in San Francisco, the most expensive part of the Bay area, was $14.50.[12] While the initial placement wage following training may not be sufficient to allow a single parent to forego all public assistance, it does offer a career path that leads to economic self-sufficiency.

**The March 1998 National Compensation Survey found that the average wage earned by construction workers in the San Francisco-Oakland-San Jose area was $19.15 per hour.**

*Camilla arrived at AND struggling to find a way off welfare that would help her support herself and her three children. After completing AND's training, she got a job with the iron workers union, making $11.50 per hour plus benefits. She has impressed her employers with her hard work and eagerness to learn, and has earned several raises. She is now also pleased with herself and her ability to provide for her family and to be a good example to her children.*

The above story is the type many AND staff involved with the training program can tell. It exemplifies many of the impacts AND staff say they see frequently – not only does the training help people find a way to become financially self-sufficient, but also it boosts their self-esteem, allowing them to feel better about themselves and in turn build better relationships with their loved ones. While AND staffers can tell many such stories, they unfortunately have not had the kind of consistent data about clients that would provide more than anecdotal information about individual successes. AND's overall goal is to assist individuals along their path to achieving self-sufficiency, and the organization is now trying to implement a more systematic approach to assessing their progress toward that goal.

[11] Bureau of Labor Statistics, U.S. Department of Labor, "San Francisco-Oakland-San Jose, CA National Compensation Survey March 1998," Bulletin 3095-09, November 1998, p.6.

[12] Wider Opportunities for Women's *The Self-Sufficiency Standard for California*, as presented on the Association of Bay Area Governments' website: http://www.abag.ca.gov/planning/trends/trendsf.html.
The self-sufficiency standard was developed by Wider Opportunities for Women to estimate the amount working families must earn to meet their family's basic needs for housing, childcare, food, transportation, medical care and taxes. The standard takes into account variations in the cost of living among different localities.

Historically, AND has collected information required by the disparate group of organizations that fund its projects, but these organizations often may only be interested in such issues as the number of housing units provided or the number of individuals receiving training, rather than the impact the intervention has had on an individual's ability to be self-sufficient. Recently, AND developed a management information system (MIS) to collect and track data about individuals in the various programs. The organization hopes to use this system to make reporting to funders more efficient. More importantly, it wants to really assess how well it is doing in helping people achieve self-sufficiency, and to find out what it can do to improve outcomes for individuals. In the words of the executive director, "We don't know what the major issues are, really – it could be housing, it could be jobs, it could be spousal abuse, but we're just not sure…we need to have a database to do trends analysis and find out what's going on." He notes that, for example, one might find that domestic violence is preventing a number of people from maintaining employment, in which case AND would want to work jointly with a family violence program to address this issue. The database has been designed and staff are just now beginning to track the type of data that will allow the organization to more effectively assess how well it is fulfilling its mission.

## Costs

AND operates many different programs and its overall operational budget was just over $7 million for fiscal year 1998. Of that, workforce development efforts account for roughly $900,000. This figure includes significant funds now being spent on the development of the Building Technologies Center. Excluding those expenses, the cabinetry and construction trades training program accounted for $658,942 in FY98, just under one-tenth of the organization's total budget.

The budget for the cabinetry and construction trades program is what AND now considers to be its training budget, since the BTC is not yet up and running. Within its training budget, AND reports that it spends roughly 40 percent of the funds on training staff, and another 30 percent on support and administrative staff. Stipends for the trainees account for about 10 percent of the training budget, and materials and supplies absorb another 8 percent.

Facilities costs, including rent, building maintenance and repair, utilities and telephone expenses, account for 4 percent of the training budget. Expenses here are particularly low since the training is co-located with SMP, and the training program actually requires only a small amount of space to be dedicated strictly to training. The remainder of the budget is used for expenses such as accounting and legal fees, recruiting costs, local travel, equipment and vehicle maintenance and repair, postage and office supplies. Table 5.2 takes the total budget for FY98 and looks at it in terms of the number of trainees, graduates, and job placements that were supported.

Given that AND expects to serve greater numbers of trainees over the next several years, the cost per trainee may go down in the future.

## Table 5.2

**AND FY98 Training Cost Ratios**

| | | |
|---|---|---|
| Total Operating Costs | $ | 658,942 |
| Number of Trainees | | 102 |
| Cost per trainee | $ | 6,460 |
| Number of graduates | | 75 |
| Cost per graduate | $ | 8,786 |
| Number of job placements | | 68 |
| Cost per job placement | $ | 9,690 |
| Number retained in work after 30 days* | | 55 |
| Cost per retained job | $ | 11,981 |

Cost per trainee = total training budget ÷ number of trainees;
Cost per graduate = total training budget ÷ number of graduates; Cost per job placement = total training budget ÷ number of job placements; Cost per retained job = total training budget ÷ number retained in work after 90 days.
*Oakland reports figures for 60-days retention; SF reports for 90-days retention.

Given that AND expects to serve greater numbers of trainees over the next several years, the cost per trainee may go down in the future as the organization achieves greater scale. Yet in the near term, AND will still have some investments in infrastructure and staff development that will need to be made to accommodate this growth. Thus, the cost per trainee, as calculated through the use of the operating budget, may not decline significantly in the near future.

Economic development expenses, the vast majority of which are attributable to the running of SMP, account for the largest share



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of AND's budget – $3.5 million in funds in fiscal year 1998. The business, however, has generally generated a small surplus of funds, which could then be used to support other projects. In fiscal 1998, however, SMP experienced a significant loss which AND staff partly attributes to management systems that were inadequate to the growth of the business. These problems have now been addressed and a new staff person has been hired to run SMP's operation in Oakland. With these changes, AND expects that fiscal 1999 will again show a business surplus.

## The Sectoral Approach to Anti-Poverty Work

More than most organizations, AND clearly articulates the complexity of anti-poverty work and the personal nature of an individual's journey from poverty to self-sufficiency. In particular, AND brings into focus the need to address non-job factors in a person's life and clearly articulates a rationale for doing so. Moreover, the organization offers a tool to put its view of human development into practice. Within its chosen sector, AND has developed programs that target different potential needs for an individual seeking to move from poverty to self sufficiency: AND addresses housing problems by building low-income housing; the organization provides jobs directly and seeks to expand access to jobs for low-income people in the building sector, addressing income problems; AND addresses education and skills barriers through its training programs; and, AND's planning and architectural design services address some of the environmental needs of low-income communities. In all its work, AND staff treats clients with dignity and respect and seeks to build a client's self-esteem.

AND recognizes, however, that not all issues related to anti-poverty work can be fruitfully addressed through the building sector. AND has built a program to provide some human service supports to individuals and has developed relationships with other organizations to strengthen support in this area. AND's work within the building sector reveals how various related sectoral initiatives can address multiple barriers to self-sufficiency. At the same time, AND's approach reveals the limitations of sectoral work in this regard and highlights the critical importance of support services. As AND is now in the process of implementing its tool to track individual changes over time, much will be learned about pathways out of poverty and the methods of combining services to support individual efforts to achieve self-sufficiency.

## Soft Skills Training in a Hard Skills Environment

AND's training curriculum emphasizes hard skills – using a tape measure, identifying tools and materials, learning proper construction techniques, adhering to safety standards, understanding mathematical concepts. Only a small fraction of a trainee's time, Friday afternoons, is directly devoted to softer "life-skills" training. Yet, when speaking to trainers and to employers, the discussion cen-

ters around soft skills. Trainers talk about the importance of teaching students to work hard, show up on time, take initiative and demonstrate a desire to learn, and employers say they value AND trainees for having precisely these attributes. Talking to trainees resolves this apparent inconsistency between curriculum and desired result. Trainees see that they are making products and are proud of the skills that they are learning. This process gives them confidence that they are developing skills an employer will value. Trainees also clearly feel that their training is like a job. They are in a place of business and they are producing items for a customer; they rarely do "make-work." A result is that trainees learn to take responsibility for making sure the job is done right, with some even delivering the product to the client. It is in this work-like environment that trainers can also stress taking responsibility for one's own learning by teaching trainees when and how to ask questions. Thus, while trainers often state the goal of training in terms of soft skills, it is clear that the students would not have the motivation to develop the soft skills were it not for the hard skill curricular content and professional work environment.

## The Role of a Non-Profit Business

AND has decided that maintaining SMP's non-profit status allows AND to retain control of the business and to more easily use the business to achieve of its mission. Not being governed by a profit orientation allows AND to choose a higher cost location than other similar businesses. The business can plan to have a higher turnover rate than industry standard in order to provide needed training experience and work history to individuals trying to succeed in the labor market. While these things might be done by a wholly owned for-profit as well, AND feels that a non-profit status is more appropriate to retain control and ensure the business continues to serve the mission of the organization.

Even with its non-profit status, however, SMP must be run in many ways as a for-profit business in order to survive. The current effort to grow the business is partly driven by the need to achieve certain economies of scale in order to remain competitive. Being a non-profit can have some disadvantages in this regard. Capitalization is more difficult, making growth harder to achieve. While this situation has been ameliorated in recent years because of

new foundation and government programs, such as foundation Program Related Investments (PRIs) and the Office of Community Services grants, the pool of capital available to non-profit businesses is far smaller than that available to their for-profit counterparts. In addition, non-profit businesses are ineligible for some public incentive programs. For example, SMP's Oakland facility is located in an Enterprise Zone. If SMP was a for-profit, this fact would give it certain preferences in competing for public contracts. As a non-profit, SMP is ineligible for these preferences.

SMP has contributed to the achievement of AND's mission in a variety of ways, but AND management has been careful not to overburden the business with too many competing goals. After the loss of its first business, AND learned to clearly articulate and prioritize goals for the business. The first goal for SMP was to provide a professional environment for AND's training program, and for many years this was the primary contribution of SMP. In recent years, the business has provided further enhancements to the training program by providing some on-the-job training opportunities and offering feedback on trainee performance. SMP's contacts have also been a source of job opportunities for trainees. At one point, however, AND tried to run the Oakland plant with a crew that was 25 percent trainees. Staff quickly realized that this arrangement did not meet the employment needs of the business and was unsustainable. SMP is now poised, after about 15 years of operation, to meet the second goal that was articulated at its founding – job creation for residents of low-income communities. The third goal for the business, that it generate income, is not being actively pursued, and in fact the business is now seeking to recover from a recent large loss and return to sustainable operations.

**SMP has contributed to the achievement of AND's mission in a variety of ways, but AND management has been careful not to overburden the business with too many competing goals.**

## Policy Levers

As regulation is an important factor in the building industry, AND has sought to influence some policy decisions in this area. In particular, AND has been an advocate for measures that encourage firms to hire locally or to hire minorities. While many regulations focus on ownership, stipulating that minority- or women-owned firms receive a certain percentage of contracts, AND staffers feel that changing who gets the jobs will do more for its low-income constituents than will changes in who owns the business. To this end,

AND has provided technical assistance to non-profits on how to build local hiring requirements into their bid specifications and seeks to demonstrate the viability of these requirements. Because it is an industry actor, AND is in a strong position to demonstrate the viability of a policy change and to quantify more precisely the costs businesses can expect to incur in instituting this policy change.

At the same time, being an industry actor limits AND's ability to actively lobby for new policies. In particular, the adversarial relationship that has developed between AND and the carpenters union, a politically powerful opponent, limits AND's willingness to be too outspoken for policy change. AND will usually join the public policy debate as a member of a coalition and does not generally take a leading role.

AND can participate more actively in policy areas unrelated to the building trades. AND's executive director is a member of the San Francisco Private Industry Council and as such has participated in discussions regarding the changes that will come under the Workforce Investment Act. Similarly, AND has participated in policy discussions regarding the implementation of welfare reform. In particular, AND's theory on the factors that influence an individual's ability to become self-sufficient has received much public attention. The tracking tool AND developed in line with this theory is now being adapted by the city of San Francisco for monitoring welfare recipients as they transition to work.

## Changing with the Times

AND uses its expertise in the building trades to advance opportunities for low-income clients. The organization built on its core knowledge and gradually expanded into other areas of the building trades, finding new opportunities to meet the needs of its low-income constituency. The organization also responds to the lessons learned in its own work. As staff came to better understand the multiple barriers that individuals face on the path toward self-sufficiency, the organization began to look at ways that it could increase access to human services for clients. The organization has begun providing more case management services on a pilot basis and hopes to be able to institutionalize this for all clients. The organization will continue to learn about the needs of its clients through its new client monitoring system.

The organization is also now adapting to an environment that has changed because of the adoption of new technologies. SMP is modernizing the way it does business, adding computerized machinery and automating some production processes. The training staff is exploring new methods of delivering training, with computer-based learning holding potential for enhancing the training program. Changing employment opportunities, many of them computer-related, are now also being explored and may affect the content of future training programs. As AND goes forward, the organization expects to continue to change in response to a changing environment and an enhanced understanding of the needs of clients.

THE ASPEN INSTITUTE
ONE DUPONT CIRCLE, NW
SUITE 700
WASHINGTON, DC 20036
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